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RUEHGV/USMISSION GENEVA PRIORITY 3425

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 002966

SIPDIS

STATE FOR OES, EEB, EAP/J AND AMBASSADOR HASLACH
USTR FOR AUSTR WCUTLER AND DAUSTR MBEEMAN
NSC FOR JLOI, JSHRIER, PBROWN
CEQ FOR JCONNAUGHTON, LVANDYKE

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TAGS: [EINV](#) [ENRG](#) [ETRD](#) [JA](#) [PREL](#) [SENV](#) [CH](#)
SUBJECT: METI VM MOCHIZUKI ON ENERGY, ENVIRONMENT AND TRADE

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Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b) and (d).

11. (C) Summary: Ministry of Economy, Trade and Industry (METI) Vice Minister Harufumi Mochizuki focused on energy, climate change, the WTO, and China, in an October 22 meeting with the DCM. Mochizuki noted a shared interest in an effective and inclusive post-Kyoto framework, as well as energy saving and environmental technologies. Specifically, he asked the DCM to convey to Washington METI's desire for U.S. support of a proposed November 16 meeting of G8 plus energy ministers. Mochizuki said trade liberalization deserved greater attention in the WTO and other fora, particularly in relation to developing countries less able to cope with a downturn in the global economy. Reflecting the recent Japan-China economic dialogue, Mochizuki noted China's evolving sense of responsibility and recognition of the international implications of its actions and positions. End summary.

Climate Change and Energy

12. (SBU) Mochizuki, who had previously been Vice Minister responsible for METI's subsidiary Agency for Natural Resources and Energy, opened the conversation with energy and climate change. He noted the recent currency of these topics and Japan's coordination with the U.S.

13. (SBU) Mochizuki stressed a post-Kyoto protocol outcome should actively address climate change, include all of the key players, including developing countries, and reflect concerns about development and economic impact. We cannot tolerate a weak compromise in a new framework, Mochizuki said. The DCM added it is important also to encourage continued development and wide adoption of environmentally friendly and energy conserving technologies. Both sides noted the U.S.-Japan cooperation in areas such as civilian nuclear power and the importance of continuing and further strengthening cooperation under a new U.S. administration.

14. (SBU) Mochizuki urged the U.S. to participate in and

support the proposed G8 plus Energy Forum. The Forum is planned for November 16, and METI wants to see it succeed, but MOFA has not yet sent invitations. Mochizuki asked the DCM to convey the GOJ's interest to Washington. The DCM agreed, but did not comment further.

WTO

15. (SBU) Mochizuki said the potential failure to conclude the Doha Development Round this year could have serious implications, compounded by the current economic situation, particularly in developing countries. He specifically expressed concern about Africa, where countries have very little cushion for dealing with economic shocks. The DCM noted the current financial turmoil may increase economies' sense of urgency and provide stronger motivation to further liberalization. He also congratulated METI on its advocacy and role in hosting recent talks on the Anti-Counterfeiting Trade Agreement.

APEC

16. (SBU) The DCM said the U.S. and Japan should closely coordinate on a forward-looking agenda during their consecutive years as chairs of the Asia Pacific Economic Cooperation (APEC) forum (Japan in 2010; U.S. in 2011). Noting APEC is the premier trade organization in this part of the world to engage on trade and investment, the DCM said the U.S. will remain focused on Asia under any new administration. In particular, APEC economies must play a critical role in addressing current economic concerns. Both presidential candidates Obama and McCain have extensive

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experience and interest in the region, which bodes well for future U.S.-Asia engagement, he said. The Vice Minister noted the upcoming visit of Ambassador Haslach, and said METI is interested in both APEC coordination and the U.S.-Japan Investment Initiative. The DCM said there are still important constituencies in both the U.S. and Japan that can benefit from outreach on foreign investment.

Japan-China Dialogue

17. (C) Providing a readout of the recent Japan-China economic dialogue, now in its 27th year, Mochizuki said the current recessionary downturn is worrisome. A lapse in economic growth could lead to a range of domestic problems for China. Mochizuki noted Chinese approaches and positions have evolved significantly from the past. China has a better understanding of its responsibilities in the global economy and wants, for example, to avoid causing further distress to financial markets by unexpected or sudden large transfers of Chinese funds. The DCM agreed China's international engagement on economic issues has progressed, but said U.S.-Japan coordination is important to address shared concerns such as intellectual property rights enforcement. Mochizuki concurred, adding that concerns about prospective Chinese IT security rules is another area in which the U.S. and Japan should work closely together.

Boeing - Airbus

18. (C) The DCM raised concerns over apparent EU attempts to exert political pressure to influence the upcoming ANA procurement and reports that ANA may be under pressure for non-business reasons to buy from Airbus rather than Boeing. Mochizuki agreed major procurement decisions should be left to markets and not subject to political influences, although METI would not be involved in the aviation sector in any event. He agreed to look into the issue.

Comment

¶9. (C) Mochizuki was most comfortable and animated on energy and climate change issues, reflecting his previous brief. He also showed particular interest in the WTO and China, and seemed to have a good sense of priority and proportion. He was generally positive about U.S.-Japan coordination and expressed a desire to maintain an open channel to quickly and smoothly address problems should they arise.
SCHIEFFER